

United States Senate

WASHINGTON, DC 20510-3704

April 10, 2001

The Honorable George W. Bush
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Last Saturday, I traveled to Klamath Falls, Oregon, to visit with farmers and local officials who are devastated by the announcement from the Bureau of Reclamation that the agency will deliver no water to most of the agricultural lands that have always received irrigation water from the federal project.

I must respectfully convey to you that there is much anger in this Basin, particularly in light of certain other actions by the Administration in putting people first, and in reexamining policies initiated by the previous Administration. I have committed to working with Administration officials during the coming months to ensure that these farmers do not face this situation again in future years.

However, during my meetings in Klamath Falls, local officials and irrigators identified a number of actions that need to be taken immediately in the Upper Klamath Basin:

- Ground cover will need to be established on the nearly 200,000 acres that will not receive irrigation water this year. This will require both funding and some water. District managers gave me a preliminary estimate of \$30 per acre for ground cover. Cover crops are needed to prevent severe topsoil loss this year, and I am concerned that the environmental impacts of not providing water to this much land were not considered in this decision.
- The Risk Management Agency needs to ensure that irrigators are provided immediate payments under the Federal crop insurance program and the Non-insured Crop Disaster Assistance Program, both of which were identified in the Department of the Interior's news release as being available to farmers in the Basin.
- Emergency low-interest or no-interest loans or grants should be available through the Small Business Administration or other federal agencies in order to allow businesses in the Basin that support the farm economy to restructure their existing debt.

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- There needs to be forbearance on existing operating loans from the Farm Credit Administration and Farm Service Agency. Farmers were justifiably concerned that without water, their loans would immediately be classified as non-performing.
- Livestock producers are going to be forced to sell off or sell down their herds, since there will be no pastureland. The Interior Department should identify unused grazing allotments in the area and make those immediately available to ranchers. Further, the Internal Revenue Service should provide flexibility in the tax treatment of these sales, since ranchers may be faced with higher taxes than they had otherwise planned on.
- The Bureau of Reclamation needs to work with the districts themselves to protect the districts' infrastructure and minimize their costs for this year. It would only add insult to injury to charge the irrigators for operations and maintenance costs for this season.
- There will be very high unemployment in the county, particularly among those who rely on farm work for their income. County officials will need additional assistance in coping with the social and economic displacement that is going to occur.
- Certain USDA assistance programs contain payment limitations per individual farmer. As a result of the government's actions, however, large and small farming operations alike are going to be hurt. These payment caps should be lifted for this Basin.

This is certainly not an exhaustive list, but does contain the major points I heard in meeting with my constituents. I appreciate the immediate attention of the Administration to these issues, and will also be contacting the respective Departments and agencies directly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gordon H. Smith', with a stylized, flowing script.

Gordon H. Smith
United States Senator